



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Legislative Fiscal Analyst
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DATE: October 5, 2005

TO: Legislative Finance Committee

FROM: Taryn Purdy

RE: Review of Agency Reports Resulting from Language in HB 2

At its June meeting, the Legislative Finance Committee (LFC) voted to request information originally included in HB 2 but subsequently vetoed by the Governor. On September 8, the Legislative Fiscal Division (LFD) sent letters to each of the agencies and programs requesting the information that would have been due by this meeting of the LFC. The committee requested that the response be fairly informal and general, and to include whether the agency desired any assistance from the legislature to accomplish the relevant project/task.

Agency response was very good, with all but 2 of the 20 separate requests answered in the time period specified. In order to allow the committee the opportunity to review the responses, all were mailed and emailed to you as soon as all had been received. In order to provide a means to aid the committee in determining whether issues warrant concern and to decide how and to what degree follow-up might be desired, staff has reviewed all submissions using the check off list attached to supplement your own review. Staff examined three main questions:

- 1) Was the information complete and did it address the core issues?
- 2) Did the response indicate the agency was facing issues and/or seeking assistance?
- 3) Is future monitoring warranted?

Staff also examined whether the information should be forwarded to another committee of the legislature. Staff will ensure this notification takes place through other committee staff if this committee concurs.

The following highlights major comments by staff.

Agency	Information Requested	Concern/Further Monitor Potential
DPHHS	Clarification of DPHHS expenditures as benefits or operating expenses	Response does not indicate any clarification. Monitor potential to determine if any member wishes to sponsor legislation to address the issue.
	Medical marijuana	The Supreme Court recently held that a similar law in California is unconstitutional. The response did not address this development. The impact of this legislation is unknown and language in HB 2 requested an update every 3 months.
	Medicare Modernization Act	The agency is awaiting direction from the federal government and cannot calculate the clawback amount in the meantime. A report on this issue is on the agenda.
	Contract for review and approval of out-of-state hospital admissions	The response indicates finding alternative placements for some persons may be difficult. Monitor potential as results and outcomes can't be quantified at this point.
	FTE provided to identify Medicaid savings	The agency is experiencing problems recruiting one of the FTE provided. In a second response related to mental health, the FTE may prove of value for managing children's mental health but the link to Medicaid cost savings is not clear. Monitor potential as it is too early to determine impacts on Medicaid costs.
	Direct care worker wage increase	The response does not address points raised in the language, including the job types eligible to receive the increase, the average amount of the wage increase per job type, and the method to ensure that the funds were used for wage increases. Follow-up potential to receive this information and to review facility compliance.
	Innovations to recruit and retain Montana Veterans' Home staff	Options listed are all monetary based. The agency has requested legislative assistance with funding salary increases. Monitor potential to determine impacts and/or develop other options.
	AMDD regional FTE	Two pieces of requested information were not addressed – plan adopted for development and implementation of crisis services, and outcome measures to facilitate evaluation of effectiveness. Monitor potential to determine effectiveness.
	AMDD psychiatric rate increase	It is too soon to tell and the issue might be revisited next fall.
	AMDD PACT	Monitor potential semiannually to determine outcomes and why an increase in PACT capacity has apparently not impacted the state hospital population.
FWP	Automated licensing system	Recruitment of qualified computer personnel has been slow. An update in March may be warranted to ensure hunters and anglers can obtain permits and licenses.
DNRC	Water adjudication	Staff turnover could be an issue, and the committee should have an update on collections in December, as a delay in the billing portion of the project could cause a cash flow issue.
Justice	Forensics lab value of purchase to lease	Analysis has not been completed and the department plans to report to the next legislature.
Corrections	Crime victims	Clarification of certain points has been requested by staff. An annual report was requested in the original language.

Staff also recommends monitoring other projects for which no concerns were identified:

- 1) A report on TANF activities

- 2) A report on success in moving low-income persons to energy sufficiency (energy ombudsman)
- 3) The Passport to Health in one year to determine effectiveness

LFC MONITORING ROLE

The LFC has a great deal of statutory latitude and responsibility to monitor agency operations and finances during the interim. The committee can use its monitoring opportunities to provide:

- o Feedback to executive and judicial branch staff to help guide future actions
- o A source of legislative expertise on critical issues
- o Leadership during the interim and legislative session on critical issues, including development and recommendation of legislation

The committee has a number of options on how, and to what degree and using what criteria you wish to monitor these and other issues. Among those options are:

- 1) Identify certain issues of high importance to be presented at each or selected LFC meetings, either as a presentation or via written report only.
- 2) Identify issues for which an informal working group could be established and to which staff can report developments as they occur.
- 3) Identify other issues staff would continue to monitor and alert either the full committee or some subgroup of the committee as warranted.
- 4) Address issues through a legislative request to one or more committee members.

While the agenda of the LFC has always reflected this monitoring role and opportunity, beginning with this meeting, the agenda is more formally structured along these lines, including updates on several budget “pressure points”. The committee may wish to identify certain of the projects included in this paper, and/or may wish to identify other issues of importance for regular update using one of the methods above. In addition to budget pressure points that are regularly on the agenda, staff has identified a number of issues that may warrant monitoring by the committee, falling into two broad categories:

- o Legislative initiatives adopted by the legislature in order to alert the committee or some subgroup thereof to progress and/or challenges or other emerging issues
- o Changes on the federal level that will impact Montana to allow the committee or some subgroup thereof to respond and/or provide feedback to state agencies

Some of these issues are currently on the agenda. As projects to examine changes in federal funding and RIT funding have already been approved, they are not included below. Staff would continue to alert the committee to emerging issues.

Legislative Initiatives/Emerging Issues

- o Human services provider rate changes
- o Prescription drug and health insurance
- o CHIP contract
- o Programs funded with tobacco tax revenues
- o Water adjudication (HB 22 – included above)
- o Trust land administration funding

- o The St. Mary's water project

National Initiatives that Impact Montana

- o Medicare Modernization Act (drug benefit)
- o Medicaid HIFA waivers
- o National Medicaid changes
- o Federal transportation funding
- o Emergency preparedness